

SCHEDULE A - 1

NON-PROFIT HOUSING PROGRAM
NEWFOUNDLAND

Agreement between "Canada Mortgage and Housing Corporation"
and "Newfoundland and Labrador Housing Corporation"

This Program will be delivered and administered by the
Newfoundland and Labrador Housing Corporation (NLHC).

1. OBJECTIVE

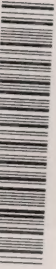
To assist households in need to obtain affordable,
adequate and suitable rental housing.

2. PROGRAM DESCRIPTION2.1 General Program Parameters:

The Non-Profit Housing Program provides subsidized
rental housing projects. The maximum annual subsidy
payable to any project, without on-site care or support
services, is equal to the difference between eligible
annual operating costs and revenues, and is shared on a
75/25 basis by Canada and Newfoundland. The maximum
annual assistance to special purpose projects is the
difference between the amount required to amortize
eligible project costs over a maximum of 35 years and
the amount required to amortize such costs if the
interest rate charged were 2 percent per annum, shared
on a 75/25 basis by Canada and Newfoundland.



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Rents are calculated according to a rent-to-income scale and adjusted household incomes as defined in Appendix "1" of this Schedule. Projects may be financed by Newfoundland or privately financed by an ~~uninsured~~ loan or by an NHA insured loan made by an NHA ~~Approved~~ Lender. In all cases loans will be amortized over the lesser of the useful life of the project or 35 years for up to 100% of total lending value.

2.2 Newfoundland and Labrador Housing Corporation Projects

A portion of the projects developed under the Non-Profit Housing Program will be owned and operated by the Province through its housing agency, the Newfoundland and Labrador Housing Corporation.

2.3 Public and Private Non-Profit Projects

All other projects developed under the Non-Profit Program by NLHC will be owned and operated by Municipalities, Public and Private Non-Profit Housing Corporations and Non-Profit Continuing Cooperative Housing Associations.

For private non-profit and cooperative projects, a competitive project selection process will be used by the NLHC, to ensure the best targeted and most cost-effective projects are committed. Proposal development funding loans may be made available on a cost-shared basis to eligible private non-profit sponsors and continuing cooperative associations to facilitate their participation in the process.

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Enabling Federal Legislation

National Housing Act:

- . Insured loans - Part I;
- . Subsidy Assistance - Section 56.1;
- . Proposal Development Funding - Section 37.1.

Enabling Provincial Legislation

The Newfoundland and Labrador Housing Act:

- . Chapter 249 Provincial Legislation of the Revised Statutes of Newfoundland, 1970.

3. ELIGIBILITY CRITERIA

3.1 Sponsors

Eligible sponsors/owners are the NLHC, Municipalities, Public or Private Non-Profit Housing Corporations and Non-Profit Continuing Cooperative Housing Associations which are eligible contribution recipients defined in the Act. All capital or shares in a Public Non-Profit Housing Corporation will be owned by a public body, including a municipality, province or other level of government. No capital or shares in a Private Non-Profit Housing Corporation will be owned by a public body. The shares in a Non-Profit Continuing Cooperative Housing Association are owned by the members.

Sponsors/owners will establish 31 March as the financial year-end for each project to be approved under this program.

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3.2 Clients

Eligible clients are those households who are in core housing need, as defined in the Global Agreement, with total household income as defined in Appendix "1" which falls below the core need income threshold, and those with a special purpose housing need.

3.3 Projects

Projects can be developed through new construction, the purchase of existing housing with or without subsequent rehabilitation, and the conversion of existing buildings. Any building form which can be produced at costs within the program guidelines as agreed to by CMHC and NLHC will be eligible for assistance under the program. Projects may include compatible non-residential community, care or commercial space which is financially self-supporting. At least 5% of the units produced under the program each year, in non-special purpose projects, will be accessible and designed as "mobility" units, as defined in program guidelines. Demand will be considered in determining the number of "mobility" units in any particular project.

Further modifications to these units may be undertaken to meet the needs of particular clients. As outlined in program guidelines, such modifications are eligible for cost-sharing.

3.4 Occupants

NLHC will ensure that all households selected to occupy projects/units receiving cost-shared assistance under the

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program are households in need. As a first priority, "mobility" units are to be occupied by households in need in which at least one person is physically disabled.

4. ELIGIBLE PROJECT COSTS/ASSISTANCE

4.1 Proposal Development Funding

Interest-free loans of up to \$75 000 per project will be provided by NLHC to support the development of project proposals by private non-profit groups and non-profit continuing cooperative housing groups intending to serve low-income individuals and families and the disabled. Non-budgetary and budgetary funds associated with these loans will be shared on a 75/25 basis by Canada and Newfoundland. The maximum loan to any sponsor will depend on the size and complexity of the proposed project and the work to be done in each successive phase of project development as described in program guidelines. Activities for which funding may be provided include: incorporation; legal cost; demand studies; best buy analysis; economic feasibility analysis; soil tests; site plans; drawings and specifications; preliminary capital and operating cost estimates; and options/offers to purchase.

Initial proposal development funding loans of up to \$10 000 per project may be provided to enable eligible sponsors to prepare applications for conditional allocations. Where new construction or major renovations are planned, the initial loan may be increased by \$150 per

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planned unit, up to a cumulative maximum of \$30 000.

Further loan increases can be provided to a cumulative maximum of \$75 000 to enable sponsors, who have been awarded a conditional allocation, to complete all outstanding requirements for a timely commitment.

4.2 Eligible Project Capital Costs

A project's total eligible costs pertain only to the units committed under the program and are for the residential portion only, as specified in program guidelines. These costs include, but are not limited to:

. Pre-development:

- project investigation such as water tests, soils tests and land options/offers to purchase;
- demand studies; best buy analysis, economic feasibility analysis;
- site plans; drawing and specifications;
- preliminary capital and operating cost estimates;
- surveys;
- group organization expenses;
- resource group and consultant fees.

. Project development:

- land and servicing - lesser of actual costs or market value and eligible fees associated with acquisition;
- holding costs - all costs associated with holding an asset between acquisition and the Interest Adjustment Date of the account, including property taxes, grants in lieu of property taxes, local improvement charges, insurance premiums, utility costs;

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- construction/rehabilitation/conversion and landscaping/site development costs;
- interest - all interest accruing from the date of NLHC's disbursement of funds until the Interest Adjustment Date for the account. The interest rate used will be acceptable to NLHC and CMHC.
- legal fees; adjustments and registration costs;
- other project costs as outlined in program guidelines.

The total eligible project costs cannot exceed the lesser of the actual eligible costs or the Maximum Unit Price applicable to the units at the time of commitment.

Interest rates must be competitive and set according to criteria acceptable to CMHC and NLHC. Interest rates used where financing is provided by NLHC shall not exceed the lowest rate available from major NHA approved lenders for comparable loans.

4.3 Ineligible Project Capital Costs

Projects may contain residential dwelling units in addition to those committed under the program as well as non-residential space. No costs associated with the development, financing or operation of the additional units or non-residential space will be eligible for cost-shared assistance under the program. Ineligible residential and non-residential costs will include a prorated share of the project's soft costs, the land value, and costs of mechanical systems.

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4.4 Acceptable Project Capital Costs/Lending Value

Acceptable project costs, used to determine the lending value, are the eligible costs within the Maximum Unit Price, the cost of the ineligible residential portion plus the cost of additional non-residential space which cannot exceed 15 percent of the cost of the residential portion of the project and 20 percent of its floor area.

4.5 Costs Eligible for Assistance

Only the actual eligible project costs of the residential component of a project within the Maximum Unit Price are eligible for cost-shared subsidy assistance.

4.6 Insured Loans

When NLHC has entered into a loan insurance agreement with CMHC, approved lender loans for up to 100% of a project lending value can be insured by CMHC under Part I of the Act. NLHC will ensure that insured loans to all eligible sponsors will be at interest rates and terms acceptable to CMHC and NLHC at the time of commitment.

5. PROJECT SELECTION/DELIVERY PROCESS

5.1 Targeting

NLHC will ensure that all units in this program are allocated within the geographic areas specified in the Operating Agreement and to priority groups in accordance with the approved three-year plan attached as Schedule B of the Operating Agreement. Taking into account the planning process, NLHC shall assist families and senior

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citizens within the priority groups with the intent to direct assistance in accordance with their share of core housing need relative to each other together with other agreed upon criteria. Within the core housing need income limits, the number of units directed to households at the upper income levels shall not exceed their proportionate share of need.

NLHC will ensure that a proportion of the annual allocation under this program, to be agreed upon with CMHC, and specified annually in Schedule B of the Operating Agreement, is made available to Private Non-Profit Housing Corporations, including Non-Profit Continuing Cooperative Housing Associations.

5.2 Conditional Project Selection

NLHC will retain an allocation for the projects it intends to own and other public and private non-profit sponsors will be awarded conditional allocations, to support their continuation in the project development process and the achievement of a timely commitment. A conditional allocation is not a commitment and can be withdrawn should it become evident that a proposal will be unable to meet all project eligibility and commitment criteria or the deadline for a final application.

Projects selected for conditional allocations will meet selection criteria acceptable to CMHC and NLHC including, but not limited to, targeting, suitability for client groups and will be the most cost-effective available in

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terms of the annual subsidy requirements for the given unit type mix. Cost-effectiveness will be separately determined for family and senior projects. It is based on the ratio of estimated eligible project costs less related equity contributions, to its Maximum Unit Price. Projects with the lowest ratio will be considered the most cost-effective.

5.3 Project Selection - NLHC and Special Purpose Projects

NLHC will develop and select the best targeted and the most suitable and cost-effective provincial/public non-profit and special purpose private non-profit projects on the basis of criteria and measurements acceptable to CMHC and NLHC.

5.4 Project Selection - Municipal/Public and Private Non-Profit and Cooperative Projects

Projects to be developed by Municipal/Public and Private Non-Profit Housing Corporations and Non-Profit Continuing Cooperative Housing Associations will be selected, wherever demand may exceed the allocation in a market area, on the basis of a competitive process. This process will be described in Schedule B of the Operating Agreement and will allow the comparison of proposals on the basis of criteria and cost-effectiveness measurements acceptable to CMHC and NLHC prior to the awarding of proposal development funding or a conditional allocation. Where demand is less than the allocation in a market area, NLHC will take steps to ensure the development of appropriately targeted and cost-effective projects.

6. COMMITMENT

6.1 Proposal Development Funding

A proposal development funding loan commitment is deemed made each time NLHC approves a proposal development loan or loan increase, to a cumulative maximum of \$75 000 for each eligible project.

The reporting of budget take-up shall be dollars of capital committed. Dollars of capital equals the amount of the loan approved at each stage of project selection.

6.2 Criteria for Project Commitment

Prior to approving a commitment of subsidy assistance or requesting CMHC to approve an undertaking to insure, NLHC will ensure that each commitment application meets all the Non-Profit Housing Program criteria and guidelines, without conditions which are beyond the power of the contracting parties to fulfill within the calendar year in which the commitment is made, and Section 13 of the Operating Agreement, where applicable.

6.2.1 Subsidy Assistance:

A commitment of subsidy assistance is deemed made when NLHC approves a notice of commitment guaranteeing the provision of federal assistance under Section 56.1 of the Act and provincial assistance under the Newfoundland and Labrador Housing Act, Chapter 249, Provincial Legislation of the Revised Statutes of Newfoundland,

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subject to the execution of this agreement for provincially owned projects and a project operating agreement between NLHC and the owner of other projects.

6.2.2 Term of Subsidy Commitment:

The approved notice of commitment obligates NLHC and CMHC to provide operating assistance to the project for a period of 35 years or the useful life of the project as agreed to by the parties, whichever is less.

6.2.3 Reporting Commitments:

The reporting of the authorized budget take-up shall be in terms of the number of units committed to be reported as specified in the Operating Agreement. "Unit" means a unit or bed where a unit is a self-contained dwelling in detached or multiple housing form to be occupied by one eligible household; and a "bed" is the bed to be occupied by each individual resident in a special purpose housing project or hostel.

6.2.4 Loan Insurance:

An undertaking to insure capital financing is deemed made when CMHC approves an undertaking to insure under Part I of the Act.

6.2.5 Commitment Notification/Publicity:

All news releases or announcements pertaining to an allocation or commitment to a project will be in accordance with the Operating Agreement and program guidelines.

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7. ADVANCING

7.1 Proposal Development Funding Loans

NLHC will be responsible for approving and making accountable advances on proposal development funding loans, on behalf of both parties. Such advances shall be secured by a promissory note and repayable from the first project loan advance.

7.2 Insured Loan Advances

NLHC will be responsible for approving progress advances in accordance with program guidelines, which will be made only after it has entered into a project operating agreement with each private non-profit, non-profit continuing cooperative, or municipal public non-profit project sponsor. NLHC will provide CMHC reasonable access to all records and documentation pertaining to the authorization of insured loan advances.

7.3 Construction

NLHC will be responsible for inspecting and monitoring all projects during construction to ensure compliance with all applicable codes, standards and program guidelines.

7.4 Final Costs

NLHC will provide CMHC with a certified statement of final capital costs prepared in accordance with program guidelines for all approved projects no later than six months, or in extenuating circumstances, such time as is

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agreed to by CMHC and NLHC, after the Interest Adjustment Date as defined in and on a form specified in program guidelines.

8. PROJECT/PORTFOLIO ADMINISTRATION

8.1 Project Operating Agreements

All private non-profit, non-profit continuing cooperative and municipal public non-profit sponsors will enter into a project operating agreement, in a form specified in program guidelines, with NLHC before receiving a commitment for subsidy assistance. Without limiting its scope, the project operating agreement will specify:

Publicity measures, rentals (tenant income verification, rent adjustments and application of the rent-to-income scale); leasing of housing units; contributions; other assistance; sale of project/units; care facilities/special purpose housing; project management; commercial and non-residential facilities; annual review; encumbrances; articles of incorporation/charges; books; accounts; audits; loan repayment; replacement reserves; discrimination; retention of documents; default; mortgage rollover; and interest rates.

Where NLHC owns a project, all the above provisions of a project operating agreement shall apply and this Schedule shall be deemed to be the project operating agreement referred to in Section 91.1 of the National Housing Loan Regulations.

8.2 Project Administration

8.2.1 Project Advances:

NLHC will ensure public and private non-profit and continuing cooperative housing sponsors are advanced sufficient funds to cover project operating losses during the course of their fiscal year.

8.2.2 Financial Year:

NLHC will ensure that sponsors/owners of each project approved under this program have financial year-ends on 31 March.

8.2.3 Project Monitoring:

NLHC will monitor and undertake regular on-site inspections and financial reviews to ensure that project sponsors manage their projects prudently and cost-effectively and continue to respect all conditions in their project operating agreements during the period of the insured loan and payment of federal and provincial subsidies.

8.2.4 Modernization and Improvement:

A comprehensive portfolio management strategy pertaining to modernization and improvement will be explicitly identified in the annual budget in Schedule B of the Operating Agreement. This will describe planned expenditures in excess of \$100 000 per project or \$1 000 per unit in any one year. Any budget for modernization and improvement in excess of these limits that is not approved as part of the

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comprehensive strategy will need approval by CMHC and NLHC on a project basis. The limits of \$100 000 per project and \$1 000 per year will be reviewed periodically.

8.2.5 Prepayment:

The prepayment of the outstanding loan balance, the sale of a project/unit or a change in a project's charter can only take place with the approval of both parties.

8.2.6 Management Training:

NLHC may provide training and other aids to assist public and private non-profit sponsors and continuing cooperative groups to manage their projects effectively. Such expenditures can be cost shared and will be charged against management/administration within a project's annual operating budget.

8.2.7 Projects in Difficulty:

In the event that projects get into financial difficulty, NLHC will advise CMHC and secure its approval of any solution or action that will affect the amount of the financing or the amount of subsidy assistance paid each year on the basis of eligible project costs.

8.3 Income Verification

NLHC will ensure that all project sponsors undertake on an annual basis a verification of the adjusted income of the households occupying units in the project.

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Accordingly, NLHC will ensure that the project sponsor adjusts the rent to be charged, if necessary, and in a manner described in Appendix "1" of this Schedule.

8.4 Portfolio Administration

NLHC will participate with CMHC and other provincial and territorial housing corporations in addressing portfolio management problems, issues and opportunities, in an ongoing effort to achieve economies and efficiencies.

9. ELIGIBLE PROGRAM COSTS:

The eligible program costs will be shared 75/25 by Canada and Newfoundland.

9.1 Non-Budgetary Expenditures

CMHC will pay 75 percent of the non-budgetary expenditures associated with interest-free proposal development funding loans to assist private non-profit and continuing cooperative sponsors to develop project proposals.

9.2 Budgetary Expenditures

9.2.1 Proposal Development Funding:

Eligible budgetary expenditures include the interest costs on proposal development funding loans for the period between when funds are advanced and the loan is repaid out of the first loan advance. If the project does not proceed to commitment, the forgiveness of these loans will also be shared.

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9.2.2 Project Operating Losses:

Subsidies for the eligible portion of projects without on-site care or support services are based on the difference between the eligible portion's share of actual annual operating costs and revenues, with rents based on household adjusted incomes and the rent-to-income scale as specified in Appendix "1" of this Schedule. NLHC may utilize a rental scale of its own but operating losses eligible for assistance from Canada will be determined on the basis of whichever of the Newfoundland scale or the Federal Rent-to-Income Scale produces the lowest annual operating losses. Any scale in use must be attached in Appendix "1" and must not result in occupant households remaining in core need. Without limiting the scope, listed below are the revenue and expense line items which are acceptable to CMHC for cost-sharing:

- . Revenues: rents; parking; laundry; interest income, if applicable; other.
- . Operating: taxes; insurance; maintenance; management; janitor; space heating; electrical power; water; sewer; garbage removal; modernization/improvement/regeneration; replacement reserves (for private non-profit and continuing cooperative projects only); training; depreciation (equal to principal reduction on loan) and loan interest.

Subsidies for special purpose projects shall not exceed the difference between (a) the amount required to amortize the eligible project costs within the Maximum

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Unit Price of the housing project at an interest rate acceptable to CMHC over thirty-five years or the life of the project, whichever is less; and (b) the amount required to amortize the eligible cost of the project if the interest rate charged on such costs were two per cent per annum calculated semi-annually and not in advance.

9.2.3 Program Delivery and Administration:

The eligible costs of delivery and administration shall be based on performance standards acceptable to CMHC and NLHC.

9.2.4 Financing Interest:

Any financing interest payable on budgetary receipts and disbursements will be calculated at an interest rate acceptable to CMHC and NLHC. Interest in such cases will be calculated on net expenditures to the date of reimbursement.

9.2.5 Publicity:

The cost of program and project publicity measures and materials as agreed upon by NLHC and CMHC are eligible program costs.

10. BUDGETING AND CLAIMS

The financial reporting requirements for budgeting and claims are outlined in Appendix "3" to this Schedule and specified in program guidelines.

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11. INFORMATION REQUIREMENTS

NLHC will ensure that all information requirements outlined in Appendix "2" of this Schedule and specified in program guidelines, are provided to CMHC.

Proposal development funding commitment information will be provided no later than five (5) working days after a commitment is made.

Where a competitive selection process for conditional allocations is being held prior to full project commitment, summary information on each project accepted and rejected will be provided by NLHC to CMHC within 30 days following selection but no later than 30 September of the year in progress.

Commitment data will be provided no later than five (5) working days after a commitment is made. Updates to previously communicated commitment data will be transmitted on a similar basis.

Special program or project details permitting the drafting and distribution of news announcements pertaining to program and project allocations and commitments will be described in program guidelines.

Information pertaining to clients served by the program will be obtained once a year and no later than 31 March

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of the subsequent year. This will provide details on clients served in all units under administration, or receiving subsidies, as at 31 December of that year.

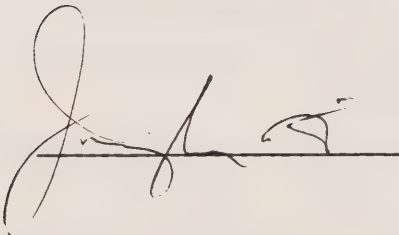
Annual project operating data will support the final audited statement of expenditure and this, along with client information, will be used as the basis for adjustments in federal payments of subsidy assistance, if necessary.

In Witness Whereof, the parties hereto have set their hands and seals in execution of these presents.

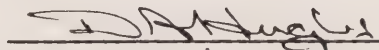
Signed at St. John's this 24 day of June
nineteen hundred and eighty-six in quadruplicate.

WITNESSED BY:

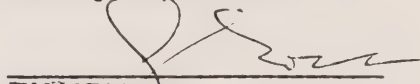
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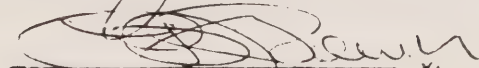
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Housing Corporation



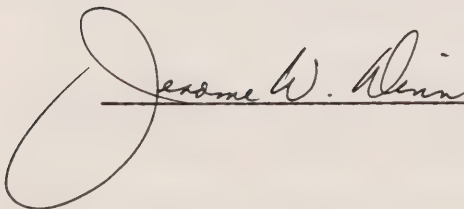
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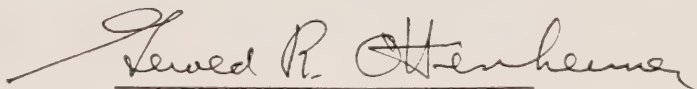
CHAIRMAN



CORPORATE SECRETARY
Minister for Intergovernmental
Affairs



Jeane W. Allen



Gerard R. O'Hanrahan

PROGRAM ELIGIBILITY

DEFINITION OF TOTAL HOUSEHOLD INCOME

For purposes of determining eligibility under this program, total household income is the total income of the household (before tax) from all sources for all persons in the household 15 years of age and over, as defined by Statistics Canada in its most recent Household Income, Facilities and Equipment data base documentation.

FEDERAL RENT-TO-INCOME SCALE

DEFINITION OF INCOME FOR DETERMINING BENEFITS

For purposes of establishing the rent to be paid, NLHC will assess the annual "adjusted income" of the household in the following manner:

- . Assess the income, in whatever form received, of each member of the household; income includes for example:
 - salary, wages, commissions, rents, investment income, part-time earnings, tips, alimony maintenance payments and child support received from a separated or divorced spouse;
 - Unemployment Insurance Benefits, Social Assistance, Mother's Allowance, Welfare;
 - Old Age Security Pension, Guaranteed Income Supplement, CPP/QPP pension, private pensions or annuities;
 - the first \$5 800 income, in whatever form received, of children or dependents of the household.
- . Exclude from income the following, for each household member, if applicable:
 - family allowances, if they were included previously;
 - living-out or travelling allowances of any household member;
 - monies received from insurance settlements, inheritance, disability awards, sale of effects, capital gains;
 - the income, in whatever form received, of children or of dependents, if such children or dependents are in full-time school attendance;
 - work-related earnings of a single parent, working spouse or any other household member, excluding the household head, up to \$1 000 per year per qualifying household member;
 - for children or dependents not in full-time school attendance, the above-noted \$1 000 deduction can be applied against income in whatever form received.
- . Calculate the total income of all household members, after having considered all eligible income exclusions. The result of this is the "annual adjusted income" of the household.

For the purpose of this rent-to-income scale, a child is a person, related by blood or marriage to other members of the household, and of 25 years of age or less. A dependent is a member of the household who is considered a dependent of another member of this household per the requirements of Revenue Canada. A dependent of 25 years or age or less qualifies for the same income definitions and exclusions provided to children of the household.

If any member of the household is self-employed, the work-related earnings of this household member will be the annual net income, as defined by Revenue Canada, before any personal income tax deductions, plus any capital cost allowance used in the determination of the above net income.

In all cases, a verification/confirmation of the income of household members must be obtained; for example, a statement signed by the employer, or in the case of the self-employed, a copy of the most recent income tax return or other evidence satisfactory to NLHC.

For the purpose of calculating rent, boarders are considered as members of the household and their income shall be considered on the same basis as other household members in the determination of the rent. Room and board paid to the household head or spouse will not be considered as part of the household's income.

BASIC RENT

The basic rent will be determined on the basis of the household's annual "adjusted income", calculated on a monthly basis, and as applied against the following rent-to-income table.

RENT-TO-INCOME TABLE

MONTHLY INCOME AND RENT

<u>Adjusted Income (\$)</u>	<u>Per Cent</u>	<u>Adjusted Income (\$)</u>	<u>Per Cent</u>
192	16.7	349	23.8
201	17.4	358	24.0
210	18.1	367	24.3
220	18.6	376	24.5
229	19.2	386	24.6
238	19.7	395	24.8
247	20.2	404	25.0
256	20.7	416	25.0
266	21.1	428	25.0
275	21.5	440	25.0
284	21.8	452	25.0
293	22.2	464	25.0
303	22.4	476	25.0
312	22.8	488	25.0
321	23.1	500	25.0
330	23.3	508 and up	25.0
340	23.5		

If the household is in receipt of social assistance, whether or not social assistance is the principal source of income, the basic rent will be the greater of the shelter component of welfare or the rent as determined on the basis of the above table, in conjunction with the household's total adjusted income.

RENT ADJUSTMENTS

- . The basic rent is that payment required on the part of the occupant(s) of the dwelling for fully serviced accommodation supplied with heat, water, hot water, stove and refrigerator.
- . Where the client of the program must pay for any of the services identified as part of a fully serviced unit over and above their basic rent, such basic rent will be reduced by an amount which will take into account the client's additional expenses.
- . Where services other than those identified as part of a fully serviced unit are provided, the basic rent will be increased to reflect the full economic costs of providing such services.
- . There will be no rent maximum set unless specifically approved by CMHC.
- . For a fully serviced unit, no rent will be set lower than \$32 per month.
- . For an unserviced unit, no rent will be set lower than \$22 per month.

CLIENT INCOME FLUCTUATIONS

A client's rent will be set once a year and that rent will not be adjusted during the year for income increases. Rent reductions during the year will however be permitted in instances where a client household supplies documented evidence that its income has decreased to a level which would result in a rent reduction of \$10 per month or more.

INFORMATION REQUIREMENTS: SUMMARY

Pre-Commitment (for Competitive Situations ONLY):

- . this data is provided following the completion of conditional unit allocations;
- . the following generic data elements are provided for each project accepted or rejected in the project selection process:
 - sponsor's name and address;
 - proposed project's description:
 - location codes,
 - client type,
 - number of units by unit and building form,
 - new and existing,
 - maximum unit price;
 - proposed project costs:
 - total estimated costs,
 - cost (less equity) to MUP ratio,
 - equity contribution;
 - reasons for refusal of proposal (in narrative form).

Commitment Data:

- . this data is submitted by way of Notice of Commitment forms;
- . the Notice of Commitment forms contain the following generic data elements:
 - client type served;
 - project location, codes and address;
 - applicant details, type, name and address;
 - proposal development funding (PDF):
 - amount approved,
 - amount previously approved,
 - account identification information;
 - project description:
 - description of building,
 - number of eligible and ineligible units by unit and building type,
 - use of floor area,
 - maximum unit price;
 - financial data pertaining to eligible and ineligible portions:
 - project financing, amount, terms, rates,
 - equity,
 - grants;
 - project eligible and ineligible capital costs:
 - land,
 - improvements (acquisition, construction, renovation, soft costs),
 - appraisal estimate;
 - project eligible and ineligible operating data:
 - eligible costs and revenues,
 - other costs and revenues,
 - subsidies, amount and sources;

Commitment Data: (Cont'd)

- project procurement and acquisition technique;
- account identification information.
- . this information, or part of it will be updated through a project's life cycle (eg. at commitment of PDF and Section 56.1 assistance, at establishment of IAD, at final audited capital costs).

Client Data:

- . this data is provided once a year and pertains to those eligible clients receiving assistance that year;
- . the data provided will pertain to:
 - household composition,
 - household income and its source,
 - Native ancestry,
 - presence of special needs,
 - size and type of dwelling occupied,
 - rent paid,
 - condition and affordability of household's previous dwelling (only for clients newly served during the year; may be obtained through sampling of client records.)

Project Operating Data:

- . this data is provided once a year and contains the following generic data elements segregated for eligible and ineligible costs and revenues as applicable:
 - amortization (principal and interest)
 - project operating costs (such as financing charges, utilities and maintenance)
 - project revenues (such as rents, parking and laundry),
 - management expenses,
 - modernization and improvements.

The financial reporting requirements for budgeting and claims can be grouped by the following categories:

- For the Non-Profit Program, all budgeting, claims and reporting will be segregated into the following activities unless otherwise indicated:

A three-year financial plan is developed on an annual basis as part of the joint planning process. It identifies planned commitment levels, expenditure levels, and cash flow patterns over the planning period which includes the budget year and the following two years. Commitment activity is planned on a calendar basis whereas expenditure activity is planned on a 31 March fiscal year basis for five years. Cash flow is presented on both a calendar and fiscal year basis. Commitment, expenditure and cash flow estimates for the year preceding the budget year and the two years following the budget year are presented for planning, information and monitoring purposes only.

Three year plans will be established by activity for the following areas:

- Schedules of units committed and units placed under subsidy will be used to derive the forecasts of budgetary expenditures.

Data on characteristics of the proposed units (split between new construction and existing construction, average unit capital cost, total capital costs of the units that will be amortized, projected interest rates, average length of the subsidy, amortization terms, average annual operating costs and proposed dates of subsidy commencement ("phase-in rates")) will be required to support the calculations of budgetary expenditures.

A. BUDGET PREPARATION (Cont'd)

2. Commitments - Non-budgetary

Commitments for Proposal Development Funding will be expressed in terms of non-budgetary dollars required. The projected average loan amount and the number of units/projects assisted by Proposal Development Funding will also be provided. Commitments required in accordance with the Loan Insurance Agreement to finance the acquisition of a project in default will be expressed in terms of non-budgetary dollars required.

3. Budgetary Expenditures

For Non-profit, budgetary expenditures will be displayed on a portfolio basis by program by the following types of expenditure: operating costs, revenues, amortization, modernization and improvement, delivery and administration costs, and financing interest.

For Proposal Development Funding, the amount of loan forgiveness and the interest rate losses arising from the provision of interest-free loans will be provided.

Funds required to administer projects acquired in accordance with the Loan Insurance Agreement will be reported separately.

4. Cash Flow - Budgetary

A summary of the expected quarterly cash flow of budgetary expenditures will be provided to assist in cash management.

- Non-budgetary

A summary of the expected quarterly cash flow of non-budgetary expenditures for Proposal Development Funding will be provided to assist in cash management.

B. BUDGET ADMINISTRATION

The approved annual budget is contained in Schedule B of the Operating Agreement. Changes to an approved budget must be determined and communicated in accordance with the Operating Agreement and the guidelines.

C. COMMITMENTS

Commitments for assistance under the Non-Profit Program will be reported in units; commitments for Proposal Development Funding will be reported in capital (non-budgetary) dollars.

Commitments will be reported to CMHC by NLHC on a notice of commitment form, no later than five (5) working days after a commitment is made.

CMHC will acknowledge receipt of the notice of commitment.

D. CLAIMS

Claims for settlement between CMHC and NLHC will be submitted on a monthly basis within thirty days of the end of the month to which the transactions relate. Claims will contain sufficient information to permit:

- a) interim verification that the amounts being claimed or remitted are reasonable and within approved budgets;
- b) the recording of the necessary accounting entries relating to budgetary and non-budgetary expenditures and asset balances; and
- c) the monitoring of the status of the portfolio through continuity schedules of units committed, units under subsidy and asset balances.

The entire financial activity of the program shall be reported by NLHC, together with each party's proportionate share of expenditures.

Budgetary expenditures related to prior year accruals will be reported.

Amounts claimed for budgetary expenditures may be based upon estimates of actual activity. Estimates must be adjusted to actual on a periodic basis in accordance with program guidelines.

The monthly claim for the Non-Profit Program will include:

1. Continuity Schedule: Units Committed/Under Subsidy

This schedule is required to monitor the number of units that have been committed in the program, those that are receiving subsidies, and those that are committed but not yet receiving assistance ("outstanding commitments").

Information provided includes the number of units committed, cancelled, or placed under subsidy during the month, and the number of units receiving subsidies during the month.

2. Continuity Schedule: Proposal Development Funding Loans

This report is required to monitor the number and amount of loans that have been committed, advances on those loans, outstanding commitments, loans forgiven and loan repayments.

3. Expenditures

A report of actual expenditures made or an estimate of expenditures incurred during the month is required to monitor the financial impacts of the program and to inform the other party of its share of the expenditures.

The report will also disclose the respective share of the expenditures of CMHC and NLHC and the amounts for which reimbursement is being requested by NLHC.

The expenditures will be displayed by program activity and the following expenditure categories: net operating subsidies, delivery and administration costs, financing interest and Proposal Development Funding. Sufficient data will be provided to support the delivery and administration costs claimed in accordance with predetermined standards. It is not necessary to provide detailed object of expenditure information in support of the claimed amounts.

E. ANNUAL INFORMATION - AUDITED

The audited statement of budgetary and non-budgetary expenditures will provide an independent verification of the proper use of funds in accordance with the Operating Agreement and program guidelines and will be used to determine the final amount payable to or recoverable from NLHC for the fiscal year ending 31 March.

The audited statement and its supporting schedules will contain information at a level similar to that provided on the monthly claims for the fiscal year.

This statement and its supporting schedules will be accompanied by operating data at the project level as outlined in Appendix "2" (Information Requirements) of this Schedule and summarized by program activity. Project level operating data will be audited in accordance with program guidelines. Budgetary expenditures will be broken down by year of commitment in a supporting schedule. This schedule does not require audit.

Audited information will be submitted no later than 30 September.

ANNUAL INFORMATION - UNAUDITED

Annual outstanding commitment and asset balance information as at 31 December will be submitted for planning and monitoring purposes and to support information contained in CMHC's records.

Outstanding commitment information will be classified by year of commitment approval. This will include detailed listings of projects committed and not yet receiving assistance and proposal development funding not fully advanced.

This information is required to reconcile the detailed asset and commitment files maintained by CMHC to those of NLHC.

Unaudited information must be submitted to CMHC no later than 31 January.

F. BUDGETARY EXPENDITURE ACCRUALS

Budgetary expenditures which have been incurred but not disbursed within the fiscal year ending 31 March and which, in accordance with program guidelines, should be charged to the budget for that year, will be reported by NLHC by 30 April. This information will be certified by a senior financial officer of NLHC.